



## ***Service Delivery Budget Implementation Plan 2011/12***

Service Delivery Budget Implementation Plans (SDBIP's) form the link between the IDP, the Performance Management System and the Municipal Budget. It is also a management tool that encourages introspection on why and how services are rendered. This therefore ensures understanding of organisational and operational performance, which will be used to evaluate and review planning for the future.

The SDBIP also serves as the kernel of the annual performance contracts for the Municipal Manager and the Managers reporting directly to him. It provides also the foundation for the overall quarterly and annual organisational performance of the Municipality.

The approved SDBIP seeks to create a semblance of coordination of the developmental activities undertaken by the municipality and clear service targets. It sets targets on how we will progressively respond to the service delivery targets for the year , whilst simultaneously responding to the local government service requirements of our communities. This is measured by determining specific key performance indicators for each departmental objective as outlined in the SDBIP, linked to specific organisational objectives. It should be noted that each organisational objective is linked to any one of the five (5) National Key Performance Areas(KPA's) as defined as municipal objectives in terms of the Constitution. The National KPA's are :

- Basic Services
- Institutional Transformation and Development
- Financial Viability
- Good Governance and Public Participation
- Local Economic Development

Monitoring, reporting and evaluation of the SDBIP's will be carried out through monthly, quarterly and mid year performance reporting in line with the approved Performance Management Framework and relevant legislation. This will then culminate into an Annual Performance Report for 2010/2011.

The Cogta datasheet will be included as the Organisational performance score-card for this period.



### **Mid Year Performance Assessment 2010/11**

Summary of performance per departmental SDBIP is highlighted hereunder:

**Table 1 : Mid year Performance Assessment**

DEPARTMENT	No. of KPI's against score (rating scale)					Total no. Of KPI's	Average Score
	1	2	3	4	5		
Municipal Manager	2	7	27	3	12	51	3,19
Community Services	0	3	23	2	30	58	4,02
Corporate Services	0	0	13	0	6	19	3,63
Finance	4	2	20	3	4	33	3,03
Development Planning and Human Settlements	0	1	22	3	3	29	3,28
Technical Services	1		38	3	16	58	3,57

From the above assessment, the performance on SDBIP's (primarily non-financial KPI's) is significantly above what was expected at an operational level.

In respect of certain departments, over and under-expenditure on specific cost centres that is impacting negatively on departmental performance needs further regular monitoring to ensure that expenditure is contained within the approved budget.

An analysis of the status of the turn around strategy reflect the following :

- 68% strategies in progress
- 60% Pre 2011 targets not met

The Main reasons for variances against targets not met is summarised as :

- General non-performance
- Poor Planning
- Bottle necks
- Delay with SCM Processes
- Sector alignment (IGR)
- Capacity constraints (human Capital)



- Filling of posts
- Staff Turnover
- Inadequate skills (project management)

The cash flow approved with SDBIP's for the 2010/11 year indicated a projection of 26% by Midyear. As indicated by departments, the actual performance against approved budget is 19%. On assessment, the program is behind by approximately 7% in relation to the approved cash flows at the beginning of the financial year (excludes roll-overs and in year adjustments). Some of the reasons identified for delays in capital program are amongst others:-

- Poor Planning
- Slow progress by contractors
- Poor Project Management
- Supply chain management processes

In line with the Council's mandate of "no roll-overs" into **2011/12**, departments have indicated that projects will be fast tracked and completed by year end. For this purpose, a Project Management service Provider has been appointed to ensure innovative ways to meet cash flow targets. Accordingly, Cash flow projections and detailed project plans must be reviewed to ensure that these timeframes are met.

As per the Oversight Report of the Municipal Scopa – the key issues identified to be addressed centred around the following :-

- **Governance**

1. Performance Management

The portfolios of the IDP Manager which includes performance management be split and should operate as separate units. This is in progress

2. Risk Management

A risk assessment was conducted by Provincial Treasury. A report is being awaited in this regard. The position of Risk Manager is to be filled in this financial year.

- **Human Resources**

A Draft Delegations policy was developed in December 2010, to be finalized by the end of June 2011 as per the Turn Around Strategy.



- **Supply Chain Management**  
New staff are in the process of being appointed to meet capacity issues raised.
- **Information Technology**  
A new IT unit has been established and is now functional.  
The new financial system went “live” on the 01<sup>st</sup> December 2010.
- **Asset Register**  
A comprehensive asset register is in the process of being compiled. This is to be completed early this year.

#### GENERAL OBSERVATIONS

1. The Assessment is based on Reported, Un-audited Performance Reports. The Portfolios of evidence is subject to verification
2. The Actual in respect of reportable indicators have not been given in certain instances. For the purpose of this assessment, it is assumed that where there is no Actual specified that the target was not achieved.
3. Determination of Targets in some instances are not aligned to Budget
4. Performance reported in SDBIP's as per Mid Year is not used to trigger amendments for the Mid Year Review of the Budget
5. Cash flow projections are not aligned to targets in the SDBIP
6. In certain instances of under-performance, delays in decision making has resulted in targets not being met
7. Lack of co-ordination between departments and non-alignment of “Actual” in respect of aligned indicators
8. Due to the lack of co-ordination between departments, lack of performance by one department impacts negatively on related departments performance
9. Poor record keeping by departments is impacting on delays and integrity of performance information
10. Lack of regular monitoring at a middle and senior management level impacts negatively on performance.
11. Inadequate communication between departments in respect of projects handed over for implementation.

#### ***INSTITUTIONAL PERFORMANCE MANAGEMENT SYSTEM (SECTION 57 CONTRACTS)***



In terms of the Regulations for Municipal Managers and Managers reporting directly to the Municipal Manager, all Performance Agreements were signed.

The challenge identified with this process are:

- Continuity in top management
- Monitoring and evaluation departmentally and compliance with legislative reporting requirements
- Formal evaluation processes through the Evaluation Panel and backlogs in respect of evaluations